



Todd Rokita
Secretary of State

SECRETARY OF STATE STATE OF INDIANA

June 22, 2007

2007 MISSION TO SWITZERLAND AND GERMANY

MAY 31ST - JUNE 8TH 2007

REPORT TO THE CITIZENS OF INDIANA

PREPARED BY

INDIANA SECRETARY OF STATE TODD ROKITA

Summary

Earlier this year, I was invited to participate in the 37th annual St. Gallen Symposium. For more than three decades, St. Gallen University in Switzerland has organized an annual international business symposium to bring together a diverse group of individuals from around the world to receive and share information concerning the most important issues of our time. The opportunity to represent Indiana among so many of the world's largest businesses and finest academic minds was both an honor and a privilege. It was also a strategic and highly purposeful way for my office to make a positive impact on Indiana's ability to retain and attract businesses for job creation and overall economic growth. This mission complements previous similar missions where I have represented the state in Taiwan and Vietnam. This Mission is also intended to build the basis for future cultural and economic exchanges by this office on behalf of the people of the State of Indiana.

Many Swiss based companies have invested in Indiana. ***In fact, Swiss- owned companies are responsible for employing more than 11,000 Hoosiers in our state.*** The majority of these jobs are in the growing, high-tech health care products sectors. Majority-owned Swiss companies have invested more than \$600 million in Indiana (as of 2005), and in 2006 the total value of Indiana's exports to Switzerland was \$214 million.

Many of my constituents have said, and I agree, that economic development should be "Job Number 1" for all state officials and employees. The office of Secretary of State is the place where law, business and government intersect. As the representative of 6.2 million Hoosiers and 300,000 businesses, I had the opportunity to meet with and thank leaders of some of the large Swiss companies with operations in Indiana. I also visited with executives of growing Swiss companies who we hope will include partnership with Indiana in their future expansion plans.

On my return trip, I visited injured U.S. troops and medical staff, some from Indiana, at the Landstuhl Regional Medical Center in Germany. The expert medical care provided to our troops and the heartfelt compassion shown by the physicians, technicians, therapists, nurses, support staff, technology and equipment left me feeling proud of our armed forces (deleted phrase?). Even more, the courage, self-sacrifice, and dedication displayed by our wounded troops made me prouder than ever to be an American.

The St. Gallen Symposium

This annual three-day symposium is a robust forum for lectures, presentation of academic research, discussion and debate among 600 business executives, government leaders, world class scholars and 200 graduate level business students invited from around the globe. The topic of this year's symposium was "The Power of Natural Resources".

The definition of "Natural Resources" for the purposes of the St. Gallen Symposium dialog was intentionally quite broad. A key precept of the symposium was that the rapid industrialization and urbanization of nations such as China, Russia, India and Brazil is forecast to create worldwide scarcities and disproportional allocations of critical resources. Resources needed for stable and growing economies are commonly- regarded as *energy*, but also include water, building materials such as steel and concrete, precious metals, investment capital, human resources (i.e. skilled and unskilled labor) and societal resources such as political, cultural and religious stability and compatibility. These dynamic environmental concerns are also likely to impact the traditional mix and costs of natural resources of which our state's citizens and industries have come to rely.

The symposium offered a unique opportunity to learn how shortages and restrictions on the use of key natural resources might impact established Indiana industries and our state's prospects for economic growth and stable employment. Business and government leaders and academic researchers engaged in frank discussions of how resource shortages can be anticipated, met and overcome. Presenters at the Symposium included Nobel Prize winning American economist, Gary Becker; Toyota Motor Company Chairman Fujio Cho; CEO of Royal Dutch Shell Jeroen der Veer; Vice Chairman of Goldman Sachs International Lord Griffiths of Fforestfach; and CEO of PricewaterhouseCoopers, Samuel DiPazza. Abstracts representing a sampling of the keynote sessions are included in Appendix 1. See also, www.stgallen-symposium.org

An overall theme emerging from the symposium was that the development of strategies and technologies to provide ample energy for transportation, household and industrial use represent not only a challenge, but also a tremendous business opportunity. I hope to make Hoosier innovators, investors and entrepreneurs aware of these opportunities.

Indiana is extremely fortunate to have an abundance of natural energy resources including coal, oil, natural gas and agricultural surplus for manufacture of bio-fuels. As a result of our state's ample capacity to process and clean-burn coal, refine petroleum and distribute natural gas, we enjoy some of the lowest utility costs in the nation. To preserve our state's leadership in efficient utilization of natural resources, innovation will be needed - supported by

our energy industry, Indiana's world-class research universities, our innovative public-private economic development initiatives and extensive network of technology parks. It would well serve Indiana's businesses, workforce and public officials to better appreciate the relationship between efficient utilization of our natural resources and our prospects for long-term economic growth.

It is essential for government at all levels to take advantage of opportunities to interact with national and international businesses in order to be well informed of issues and trends most likely to effect the economy of our state. I am committed to helping protect Indiana's jobs and encouraging new investment and employment opportunities, by assuring that the practices and policies of the Business Services Division and Securities Division *encourage* development of exciting new industries being created in response to rapidly changing natural resource and energy issues. For more information on our office's efforts in streamlining our corporate and investment laws, policies and practices go to: www.sos.in.gov.

Participation in the St. Gallen Symposium advanced what I believe must be the state's goal of realizing that we are inextricably part of a global economy. To compete, we must constantly be on the lookout for world-class examples of best practices as well as opportunities to showcase our state's resources and competitive advantages.

The Secretary of State's office - the intersection of law, business and government - is the "gateway" for new businesses in Indiana. As a result of contacts made at the symposium alone, discussions were initiated with several European companies, which have the potential to create new manufacturing operations in Indiana. These contacts are being distributed to other government and private agencies such as the Indiana Economic Development Corporation.

Post-Conference Meetings

Switzerland is the 7th largest trading partner of the United States, the 7th largest foreign investor and 4th largest destination for U.S. direct investment. The country's landmass is slightly less than half that of Indiana, and its population is about 1 million greater than our state. However, the value of Swiss exports (\$181 billion) is more than *eight and a half times* that of Indiana (\$21 billion)¹. Switzerland ranks in the top 10% of all nations in the Heritage Foundation's annual report of Economic Freedoms.² Like Indiana, Switzerland's domestic economic growth is low, yet significant levels of overseas investment more than adequately compensate for this. According to a recent report by Credit-Suisse Bank: "(b)y the end of 2003 , investments by Swiss companies abroad totaled a massive CHF 432 billion (US\$ 337 billion), equivalent to 95% of Switzerland's GDP...(t)hat's a world record: no other country has such a strong international position in terms of economic power."

Several well-known Swiss companies have substantial investments in Indiana, including: Bristol-Myers Squibb (Evansville), Mead Johnson (Evansville), Roche Diagnostics (Indianapolis), Landis+Gyr (Lafayette), Seimens (Elkhart), Zimmer Holdings Corp. (Warsaw), Swiss Reinsurance Holding (Fort Wayne), Fairfield USA (Lafayette), Edy's Grand Ice Cream

¹ 2005

² Heritage Foundation: 2007 Index of Economic Freedoms - <http://heritage.org/index>.

(Fort Wayne) and recently Nestlé (Anderson) . This is not a complete listing of Swiss businesses investing in Indiana's economy and workforce, ***but these businesses alone support more than 11,000 jobs in our state.***

Over a five-day period immediately following the St. Gallen conference, eleven businesses, government officials and industry organizations were visited. The objective was to show why investing in Indiana was a "good fit" for Swiss businesses and how the Secretary of State's office could address the needs of growing businesses. As a result of this series of meetings, I observed that many Swiss business executives largely view the United States only in terms of the East Coast (Boston, New York and Washington) and the West Coast (Los Angeles and San Francisco). They were surprised to learn that Indiana is a reliable economic engine -- abundant in desirable resources such as environmentally friendly, low-cost energy, skilled labor, an established research and development infrastructure, low cost of living, excellent schools, universities, health care providers, and business-friendly state and local government agencies.

Indiana's historical relationship with this vibrant region is reflected in our own Switzerland county and communities of Vevay and Berne, which were settled by Swiss-German immigrants. Given the obvious similarities in our work ethic, economic conservatism, resourcefulness and quiet mastery of key industries, opportunities for further investment, economic cooperation and technology transfers should be developed. The most significant meetings held during the mission were the following:

- **Swiss Private Banking Association** - Geneva, Switzerland
Switzerland's robust economy interacts with and benefits the United States. For example, Switzerland imports more than 10 billion dollars worth of U.S. goods annually. As a result of its unique position as a world-banking center, Switzerland is a major investor in U.S. businesses. Like Indiana, the Swiss economy benefits from substantial investment in agriculture and food products, pharmaceutical development and manufacturing, and world-class research based universities.
- **Nestlé World Headquarters** - Vevey, Switzerland
Nestlé, founded and based in Switzerland, is a multinational conglomerate of companies that manufacture high value-added products. **Anderson, Indiana** was recently selected as the site for one of Nestlé's newest, state-of-the-art production facilities. Top Nestlé executives asked me to compliment local government officials in Anderson, for their incredibly quick and effective response to the required relocation of underground utility lines. From the time the problem was discovered, it took *only a single day* for the fiber-optic lines to be moved. This was an amazement to Nestle officials **world-wide** - because in any other part of the world, they said, relocation of a utility line would almost certainly have required a *3-month* project delay.
- **State Chancellor of Geneva Canton, Robert Hensler** - Geneva, Switzerland
The State Chancellor of the Geneva Canton's role as chief election officer is similar to that of Indiana's Secretary of State. The Chancellor's office gave a briefing on their unique and progressive ***Internet based*** voting system. I returned with technical literature and samples of ballots used. Later this year, I will have the opportunity to discuss both the strengths and

weaknesses of the Swiss voting system with Indiana election officials, members of the Indiana General Assembly as well as the National Association of Secretaries of State's Standing Committees on Elections and International Relations.

- **Pilatus Aircraft Corporation** - Stans, Switzerland

I was received by the Deputy Vice President, Research and Development for this world-class manufacturer of business aircraft and toured their main manufacturing plant. I was surprised to learn that while the U.S. is by far Pilatus' largest market (purchasing 60 of 90 commercial aircraft manufactured last year) they *do not* sponsor research and development activities here. During the visit I encouraged Pilatus executives to explore the extensive capabilities and resources available through **Purdue University's** Aviation and Aerospace Technology Program and the recently expanded **Purdue University Research Park** in West Lafayette, Indiana.

- **Unitecra** - Zurich, Switzerland

The CEO of Unitecra described their mission as the business of technology transfer and commercialization on behalf of two Swiss scientific research universities. These universities have participated in the development of technologies resulting in the establishment of more than 44 spin-off companies. It appears quite likely that there is a great potential for synergy between Unitecra and Indiana's colleges and universities, public and private technology parks, business incubators and technology commercialization organizations. For obvious reasons, researchers tend to be somewhat secretive about projects in development. However, if Indiana's technology development companies are willing to participate in the development of protocols for discussion, areas of common interest for technology development, transfer and commercialization can be identified and acted upon.

- **Swiss - American Chamber of Commerce** - Zurich, Switzerland

The CEO of the Swiss-American Chamber of Commerce offered a detailed briefing on the extensive cultural, trade and business investment ties between Switzerland, the U.S. and Indiana in particular. Although not a country with large territory, Switzerland is a huge source for overseas jobs. Between 1993 and 2003 Swiss companies created nearly a half-million new jobs in places like Indiana. Worldwide, over 1.8 million people work for Swiss owned companies. Much like Indiana, biotechnology, pharmaceutical development and manufacturing, and agriculture are core industries in Switzerland. Unlike Indiana, Switzerland is distinguished a center for international banking center. Additional information about the strong relationship between our countries is contained in Appendix 2.

- **Des Gouttes & Associates Law Firm** - Geneva, Switzerland

Des Gouttes is one of Europe's oldest law firms, founded in 1834. Senior Partner Robert Fiechter advised that the firm is a leading provider of legal services to both Swiss and foreign clients engaging in international business. The firm is also founding member of an association of law firms providing worldwide legal advice and representation. Attorney Fiechter received law degrees from the University of Geneva as well as from Tulane Law School in New Orleans, Louisiana, and he is fluent in English, French, German and Spanish. He and his associates are willing to serve as liaisons for Indiana companies interested in investigating strategic partnerships with Swiss businesses.

Many Swiss businesses tend to rely on favorable investment studies by consultants such as **Earnst and Young** and **PricewaterhouseCooper** when making foreign investment and plant location decisions. The largest Swiss multinational companies rely on in-house foreign investment analysis. Smaller, developing Swiss businesses may be responsive to having foreign investment and location research offered to them. It is important that our state establish a strong, working communications relationship with the various major national and international economic development consulting firms. For now and the immediate future, pharmaceutical development, biotechnology, high-tech manufacturing and banking are core growth industries in Switzerland - all of which represent investment and technology transfer opportunities for Indiana.

- **Swiss Bankers' Association** - Zurich, Switzerland

The president of the Swiss Bankers' Association expressed appreciation for the initiative shown by the Secretary of State's Office in fostering discussion of issues related to common-sense regulation of the banking and investment industry, so as not to discourage investment in new and growing industries. Their industry looks forward to opportunities for communication and cooperation between its members and Indiana's banks and financial institutions.

As incoming president of the National Association of Secretaries of State and member of the Association's Company Formation Task Force, I also discussed ways the international banking industry could assist the Association with its ongoing comprehensive review of U.S. and international business entity. This cooperative work is highly important, not only from the perspective of promoting business, but identifying and fighting international terrorism, investment fraud and white-collar crime.

- **Zimmer GmbH** - Winterthur, Switzerland

The Swiss division of **Indiana-based Zimmer Holding Corporation** is an impressive example of a multinational enterprise that has been highly successful in the area of technology development, transfer and commercialization. Zimmer's Indiana and Swiss research and development teams are worldwide leaders in the medical orthopedic implant industry. Zimmer executives expressed concern about their ability to attract and keep high-level professionals - particularly at their relatively isolated **Warsaw, Indiana** facility in **Kosciusko County**. State and local government officials should acknowledge this challenge to the growth of high-tech industries in Indiana and assist industries in developing an environment that attracts such high level professional graduates from our Indiana colleges and universities.

Visit to Landstuhl Regional Medical Center

I devoted the last day of my trip to what became an emotionally compelling visit to the Landstuhl Regional Medical Center, a few miles from the massive Ramstein Air Force base in Germany. Landstuhl Medical Center is the military casualty hospital operated by the U.S. European Military Command, and is the primary medical evacuation destination for U.S. troops

participating in Iraq and Afghanistan military operations. The hospital also serves as the primary care medical center for thousands of civilian family members and employees supporting our uniformed service personnel in Europe and the Middle East.

On behalf of the citizens of the State of Indiana, I had the opportunity to visit with injured troops being treated at the hospital and meet several hospital staff members who call Indiana their home. I could not help but be deeply moved by the commitment, courage and high-spirits of the wounded soldiers I met, and by the dedication of the hospital physicians, nurses, technicians and staff. More than one hospital staff member told me when wounded soldiers regained consciousness (even when they were not aware that they were no longer in Iraq or Afghanistan) their first words were often identical. Almost invariably, before asking about their own injuries, they would first inquire if their fellow soldiers were okay, and then ask how soon they could get back to the field -- because their unit would be counting on them.

One could not help but be awed by the skilled professionalism of the medical caregivers, the compassion shown for the wounded, and overwhelming display of our nation's technical resources and medical expertise. My expression of thanks and concern for the wounded and caregivers is quite a small gesture in comparison to their commitment and sacrifice. Indiana's troops and their families are deserving of our recognition and honor whenever and wherever possible. I also learned that the medical center is in urgent need of donations of 120 minute prepaid phone cards. These can be mailed to: **Landstuhl Regional Medical Center, Attn: MCEUL-CH, CMR 402, APO AE 09180.**

Afterword

At the conclusion of the trip, I immediately began working with my staff to prepare follow-up information for the Governor's office, the Indiana Economic Development Corporation, the State Department of Agriculture and other state agencies. A trip summary and list of contacts obtained will also be made available to our leading industry, state and community economic development organizations such as Bio-Crossroads, Indiana Chamber of Commerce and the Central Indiana Corporate Partnership. My office will continue to follow up with businesses that expressed an interest in growing with Indiana.

Before making the trip, the Indiana Energy Association was briefed on the symposium and my intention to participate. In recognition of the importance and timeliness of the topic, the Association's Board of Directors and member companies then offered a grant to supplement the cost of travel, lodging and meals. The grant was accepted with the sincere thanks of the office of Secretary of State and on behalf of Indiana citizens who stand to benefit from ideas shared and connections made. Grant funds and trip expenses were administered through the State Auditor's office. Depending on the wishes of the Association, unused funds will either be returned with appreciation of their support of Indiana's economic development efforts, or reserved for future economic development activities.

TODD ROKITA
Secretary of State of Indiana